



STATE OF TENNESSEE
DEPARTMENT OF COMMERCE AND INSURANCE
SECURITIES DIVISION
500 JAMES ROBERTSON PARKWAY, SUITE 680
NASHVILLE, TENNESSEE 37243
615-741-2947

BROKER-DEALER AND AGENT REGISTRATION INSTRUCTIONS
[Revised November 19, 2003]

I. REGISTRATION OF BROKER-DEALERS

A. NASD MEMBERS:

1. Submit Form BD electronically through Web CRD by designating the Tennessee jurisdiction box in Item 2 of Form BD.
2. Submit a broker-dealer registration filing fee of \$200.00 for Tennessee through Web CRD.
3. Please call the NASD Gateway Call Center at (301) 590-6500 or (301) 869-6699 with any questions about Web CRD filing procedures for Form BD & NASD required exhibits such as fingerprint cards, court documents, entitlement forms and Web CRD check deposits.
4. Financial Statements - Submit either a., b., or c. directly to the Tennessee Securities Division at the address noted in instruction A12 below:
 - a. Certified audited financial statements as of a date not more than 90 days prior to the filing of your application
 - b. Most recent annual report filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934, plus all subsequent quarterly FOCUS Reports filed since date of annual report.
 - c. **If applicant is a company that has not yet had an audit performed pursuant to its first fiscal year of existence, it may, in lieu of complying with subpart 4a herein, submit an unaudited balance sheet and income statement as of a date not more than 30 days prior to the date of submission certified by an executive officer of the company and a Designation of Accountant (sample format attached).**
 - d. Net Capital Requirements for NASD Members and Exchange Members:
 - (1) All broker-dealers who are members of the NASD or a national exchange, or are registered with the SEC shall have and maintain net capital in such minimum amounts as are prescribed for their activities under Rule 15c3-1 promulgated under the 1934 Act.

- (2) The aggregate indebtedness of each broker-dealer described in Item 1. to all other persons shall not exceed the levels prescribed under Rule 15c3-1 promulgated under the 1934 Act.
 - (3) For purposes of this subparagraph, the term “net capital” shall have the same meaning as in Rule 15c3-1 promulgated under the 1934 Act.
- 5. Identify by full name and CRD number the initial agents for whom the broker-dealer has submitted applications for agent registration in Tennessee if such individuals do not appear on the broker-dealer’s Form BD Schedule A or B. The registration of a firm as a broker-dealer in Tennessee does not result in the registration as an agent of any partner, officer, director, or any person occupying a similar status with the firm. A partner, officer, director, or a person occupying a similar status with a registered broker-dealer must register individually as an agent if he desires to act as an agent from, in, or into Tennessee or if he receives compensation specifically related to purchases or sales of securities from, in or into Tennessee.
 - 6. Evidence of a passing score on an appropriate principal’s examination taken by the executive officers or principals of the broker-dealer. If the managing principals do not appear on Form BD Schedule A or B, identify by full name and CRD number the relevant general principals, finance and operational principals, municipal principals, option principals, government securities principals and other managing principals.
 - 7. If the broker-dealer indicates the business types TAP, TAS or PLA in Form BD Items 12T or 12W, provide a sample offering document for the type of securities which may be offered by the broker-dealer to residents of Tennessee.
 - 8. If the broker-dealer answers “Yes” to Form BD Items 7, 8 or 9 in Web CRD and discloses a broker-dealer in Section IV of Schedule D, enter the CRD number of the disclosed broker-dealer in Section IV of Schedule D.
 - 9. Clear all outstanding Form BD deficiencies if any are posted in Web CRD at the time the broker-dealer applies in Tennessee.
 - 10. Clear all outstanding Disclosure Deficiency or Inquiry letters in Web CRD, if any are posted at the time the broker-dealer applies in Tennessee, for all individuals who appear on the broker-dealer’s Form BD Schedule A or B.
 - 11. The Securities Division will review publicly available information relating to the broker-dealer in conjunction with the broker-dealer’s filing for registration in Tennessee. To hasten this review, broker-dealers may provide their internet website address, if any.
 - 12. The information required in Items A4, A5, A6, A7 and A11 above may be submitted in paper format directly to the Tennessee Securities Division at the following address:

Tennessee Securities Division
Broker-Dealer Section
500 James Robertson Parkway, Suite 680
Nashville, TN 37243-0583

B. OTHER BROKER-DEALERS:

1. Submit a complete Form BD, fee, and financials to the Tennessee Department of Commerce & Insurance, Securities Division, Broker-dealer Section, Suite 680, 500 James Robertson Parkway, Nashville, TN 37243-0583.
2. Submit a filing fee of \$200.00. Checks should be made payable to the Tennessee Department of Commerce and Insurance.
3. Financial Statement - Submit either a., b., or c.:
 - a. Certified audited financial statement as of a date not more than 90 days prior to the filing of the broker-dealer's application.
 - b. Most recent annual report filed pursuant to Rule 17a-5 of the Securities Exchange Act of 1934, plus all subsequent quarterly FOCUS Reports.
 - c. If applicant is a company that has not yet had an audit performed pursuant to its first fiscal year of existence, it may, in lieu of complying with Item A, submit an unaudited balance sheet certified by an executive officer of the company and accompanied by a Designation of Accountant form (enclosed).
4. Net Capital Requirements for Non-NASD Broker-dealers and Non-exchange Members:
 - a. Each broker-dealer shall have and maintain a minimum net capital of \$25,000. If such broker-dealer has a net capital of less than \$100,000, it shall post a surety bond of \$10,000.
 - b. For purposes of this subparagraph, net capital shall be defined as total assets less total liabilities (net worth) as computed in accordance with generally accepted accounting principles consistently applied.
5. Evidence of a passing score on an appropriate principal's examination taken by the executive officers or principals of the broker-dealer.

II. SURETY BONDS

- A. NASD and exchange members are not required to post a surety bond.**
- B. All non-NASD and non-exchange member broker-dealers whose net worth is \$100,000 or greater are not required to post a surety bond.**
- C. All non-NASD and non-exchange member broker-dealers whose net worth is \$25,000 to \$99,999 are required to post a surety bond.**

III. CLEARING BROKER-DEALERS

The clearing broker-dealer that an applying broker-dealer uses for conducting securities transactions with residents of Tennessee must be registered as a broker-dealer in Tennessee in order for the applying broker-dealer to be eligible for registration in Tennessee.

IV. REGISTRATION OF AGENTS

A. NASD MEMBERS:

1. Submit Form U4 electronically through Web CRD by designating the Tennessee jurisdiction box in Item 5 of Form U4.
2. Submit an agent registration filing fee of \$50.00 for Tennessee through Web CRD.

B. NON-NASD MEMBERS:

1. Submit a complete Form U-4 application to the Tennessee Department of Commerce & Insurance, Securities Division, Broker-dealer Section, Suite 680, 500 James Robertson Parkway, Nashville, TN 37243-0583.
2. Submit a filing fee of \$50.00. Make check payable to the Tennessee Department of Commerce and Insurance.
3. Non-NASD members must submit proof of passing the Uniform Securities Agent State Law Examination (Series 63) or the Uniform Combined State Law Examination (Series 66) and an appropriate NASD, NYSE, or SEC securities examination.

V. FORMS

A. NASD Members may obtain the following forms from NASD in Gaithersburg, MD:

1. Form BD: Uniform Application for Broker-Dealer Registration
2. Form BDW: Uniform Request for Broker-Dealer Withdrawal
3. Form U4: Uniform Application for Securities Industry Registration or Transfer
4. Form U5: Uniform Termination Notice for Securities Industry Registration

B. Non-NASD members may obtain the forms listed above from NASD at:

<http://www.nasdr.com/forms.htm> or from NASD MediaSource at 301-590-6142.

VI. NOTICES

While these instructions were prepared by the Tennessee Securities Division and were drawn from the Tennessee Securities Act of 1980 and the Tennessee Securities Rules promulgated under the Act, these instructions do not pre-empt, supersede, or replace the Act and Rules as adopted. These instructions may be amended at any time and are intended to be used solely as a guide for broker-dealer and agent registration in Tennessee. The Tennessee Securities Division is not bound by any electronic copy or alteration of this document by other parties. Please direct any questions regarding broker-dealer or agent registration to the Tennessee Securities Division, Broker-dealer Section at 800-863-9117 (toll free), 615-741-3187 (phone), 615-532-8375 (fax), or Securities.2@state.tn.us (e-mail). Please visit the Division's website at <http://www.state.tn.us/commerce/securities/index.html>.

The Tennessee Securities Act of 1980 (Tennessee Code 48-2-101 et seq.) may be viewed at <http://www.lexislawpublishing.com/resources> or obtained from the Tennessee Securities Division, upon request.

The Tennessee Securities Rules may be viewed at <http://www.state.tn.us/sos/rules/rules.htm> (Chapter 0780-4) or obtained from the Tennessee Securities Division, upon request.

The Tennessee Securities Act and Rules are also available in the Commerce Clearing House Blue Sky Law Reporter.

DESIGNATION OF ACCOUNTANT

1) Broker-dealer

Name: _____

Address: _____

Telephone Number: _____

SEC Registration Number: _____

2) Accounting Firm

Name: _____

Address: _____

Telephone Number: _____

3) Audit date covered by the agreement: _____
(month / day / year)

4) The contractual commitment to conduct the broker's or dealer's annual audit:

() is for the annual audit for the fiscal year ending _____.

() is of a continuing nature, providing for successive yearly audits.

- **If this commitment is not of a continuing nature, it will be necessary to file this form each successive year.**

Accountant's Signature: _____

Print Accountant's Name _____

Title: _____

Date: _____



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PROFESSIONAL PRIVILEGE TAX

Pursuant to Tennessee Code Annotated 67-4-1701 et seq., certain licensed and/or registered professionals, including **BROKER-DEALERS, BROKER-DEALER AGENTS, and INVESTMENT ADVISERS**, are subject to an annual \$400.00 Professional Privilege Tax. This tax is in addition to any registration or renewal fees under the Tennessee Securities Act of 1980, and is collected separately by the Tennessee Department of Revenue.

The Professional Privilege Tax is due on June 1 of each year. Tax returns will be mailed by the Tennessee Department of Revenue to each registered **BROKER-DEALER, BROKER-DEALER AGENT, and INVESTMENT ADVISER** prior to June 1 of each year.

DO NOT SEND PROFESSIONAL PRIVILEGE TAX RETURNS OR PAYMENTS TO THE TENNESSEE SECURITIES DIVISION OR THE NASAA/NASD CENTRAL REGISTRATION DEPOSITORY.

You may contact the Tennessee Department of Revenue at the following address and telephone numbers for further information regarding the Professional Privilege Tax:

Tennessee Department of Revenue
500 Deaderick Street
Andrew Jackson Building
Nashville, Tennessee 37242

INSIDE TENNESSEE: 800-342-1003
OUTSIDE TENNESSEE: 615-253-0600

E-MAIL: TN.Revenue@state.tn.us
WEBSITE: <http://www.state.tn.us/revenue/>